

Transportation Committee JOINT FAVORABLE REPORT

Bill No.: HB-5203

Title: AN ACT CONCERNING AUTOMOBILE DEALER CONVEYANCE FEES.

Vote Date: 3/20/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/26/2024

File No.:

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SPONSORS OF BILL:

The Transportation Committee

REASONS FOR BILL:

This bill would place a cap on dealership conveyance fees equal to 1% of the price of the vehicle and prevent dealerships from printing out order/invoices prior to discussions with buyers. This bill follows complaints from constituents and difficulty enforcing previous laws regarding conveyance fees being "reasonable". Conveyance fees are intended to cover the cost of conveying a vehicle, however dealerships have been using it to cover other administrative costs. This was leading to dealerships charging large conveyance fees that customers were unaware of until the very end of the negotiating process. Additionally, dealerships were printing the invoices for the conveyance fee prior to negotiations and not properly disclosing that the fee is negotiable, misleading customers into believing that this was a set fee. This bill would prevent unreasonable conveyance fees and misleading customers into believing this isn't a negotiable fee by hard capping the price of the fee and stopping some of the practice's dealerships engaged in to trick customers.

SUBSTITUTE LANGUAGE:

The substitute language specifies that the bill would go into effect on October 1, 2024.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Provided

NATURE AND SOURCES OF SUPPORT:

Daniel Blinn, Managing Attorney, Consumer Law Group LLC: Blinn voices his support of the bill over concerns on how reasonable charge is defined a lack of enforcement of current laws. Blinn discusses a CT supreme court ruling on the meaning of reasonable fees which the court found does not substantively limit the conveyance fee to a reasonable amount. CT lawmakers responded to this by forcing dealership to disclose any fees when advertising prices, but this has not been frequently done with dealership either not showing or hiding conveyance fee information on listings. This has resulted in consumers still being surprised by the fee at the end of the process, not understanding what it is for and that it is negotiable. This bill would protect consumers from these unreasonable fees and dealership can protect themselves from losses by properly pricing their vehicles. Additionally, this bill would prevent the pre-printing of fees to stop dealerships from making customers believe the fee is optional.

Raphael Podolsky, Attorney and Policy Advocate, Connecticut Legal Services Inc.: Podolsky voices his support of the bill stating that current conveyance fees are often unreasonable and are not actually about the cost of conveying the vehicle. Podolsky explains the history of the bill saying that 15 other states have introduced this cap and that a similar bill died last year on the house calendar. Podolsky believes that dealerships are currently using conveyance fees for recouping administrative cost which should be apart of the purchase price of the vehicle to more accurately display the cost of the vehicle. Caps on conveyance fees have worked in other states where they have substantially dropped the price of fees and successfully prevent dealerships from false advertising.

NATURE AND SOURCES OF OPPOSITION:

Jeff Aiosa, Legislative Chair, CT Automotive Retailers Association: Aiosa voices his opposition to the bill out of belief that conveyance fees are fair as is. Aiosa points out that all states currently allow conveyance fees and CT's conveyance fees are among the most transparent in the country. CT's fees already a mandated to be reasonable and reflect the actual costs of processing a transaction. Currently CT's dealerships already have law and regulations they must follow, and the conveyance fee covers the cost of following those laws.

Oliver Levit, Ayn Rand Society: Levit voices his opposition out of a belief that government regulation is bad.

Kathryn Wayland, CEO and Vice President, Reynold Subaru: Wayland voices his opposition to the bill stating that the current conveyance fees are already fair. Currently the fee is negotiable, and Wayland believes is transparent with clear notice requirements. The fee must be reasonable and pertains to the costs associated with conveying the vehicle. If the fees are not reasonable the DMV already can punish dealers. Wayland believes that the current regulations are sufficient, and it would be damaging to dealerships to cap conveyance fees.

Reported by: Noah Gulla

Date: 3/28/2024